

## Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 AGR-05 AID-05 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05

SS-15 STR-04 CEA-01 L-03 PA-01 PRS-01 /100 W

----- 071402

R 241245Z MAY 75

FM USINT BAGHDAD

TO SECSTATE WASHDC 2021

INFO AMEMBASSY ANKARA

AMEMBASSY BEIRUT

AMEMBASSY BRUSSELS

AMEMBASSY DAMASCUS

AMEMBASSY JIDDA

AMEMBASSY LONDON

AMEMBASSY TEHRAN

LIMITED OFFICIAL USE BAGHDAD 562

E.O. 11652: N/A

TAGS: EFIN, IZ

SUBJECT: IRAQI BUDGET FOR APRIL-DECEMBER 1975

REF: A. BAGHDAD A-22, MAY 11, 1974

B. BAGHDAD 124

C. BAGHDAD 526

BEGIN UNCLASSIFIED

1. SUMMARY: REVOLUTIONARY COMMAND COUNCIL (RCC) APPROVES \$12.37  
BILLION BUDGET FOR SPECIAL NINE MONTH FISCAL YEAR APRIL-DECEMBER 1975

.  
TOUTED AS LARGEST FISCAL YEAR COMMITMENT IN NATION'S HISTORY,  
CONSOLIDATED STATE BUDGET INCLUDES EQUIVALENTS OF 3.36 BILLION  
DOLLARS FOR DEVELOPMENT AND 3.9 BILLION DOLLARS FOR IMPORTS.

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INDUSTRY/MINERALS TAKES 40 PERCENT OF DEVELOPMENT BUDGET WHILE,

AGRICULTURE IS ALLOTTED SURPRISINGLY LOW 19 PERCENT. IRAQ  
 LIKELY TO MAKE LARGER PURCHASES OF WHEAT THAN ORIGINALLY FORECAST.  
 END SUMMARY.

2. ON MAY 21, SEVEN WEEKS LATER THAN NORMAL, RCC APPROVED  
 IRAQ BUDGET FOR NINE MONTH PERIOD APRIL-DECEMBER  
 1975. SO FAR ONLY GENERAL OUTLINES OF EXPENDITURE HEADINGS HAVE  
 BEEN RELEASED AND VERY LITTLE HAS BEEN SAID ON PROJECTED REVENUES  
 ESPECIALLY FOR OIL EXPORTS. EXPENDITURE STRUCTURE IS:

BUDGET HEADING	IRAQI DINARS (MILLIONS) (BILLIONS)	DOLLAR EQUIVALENTS (BILLIONS)
I. ORDINARY	813.9	2.77
II. DEVELOPMENT	987.8	3.35
III. STATE ESTABLISHMENTS AND ORGANIZATIONS	1,838.9	6.25
TOTAL	3,640.8	12.37

EMBEDDED IN THE THREE BUDGETS ABOVE IS AN EXPORT PROGRAM OF  
 ID 1.15 BILLION (EMO BILLION DOLLARS).

3. MOST SUPRPRISING FEATURE OF CONSOLIDATED BUDGET IS LION'S  
 SHARE (ALMOST 40 PERCENT) OF DEVELOPMENT BUDGET GIVEN TO COMBINED  
 INDUSTRY/MINERALS SECTOR AND SMALL (LESS THAN 20 PERCENT) PORTION  
 ALLOTTED TO AGRICULTURE. END UNCLASSIFIED.

3. BEGIN LIMITED OFFICIAL USE: RCC APPROVAL OF BUDGET  
 SOME SEVEN WEEKS INTO IRAQI FY75 SHOULD END SPATE OF RUMORS  
 THAT GOI WAS PLANNING MASSIVE CUTBACKS IN SPENDING. OBVIOUSLY,  
 SPENDING FOR DEVELOPMENT, SOCIAL SERVICES AND PRICE STABIL-  
 IZATION WILL TAKE PLACE, EVEN IF A DEFICIT SHOULD PROVE NECESSARY.  
 DEFICIT NOT LIKELY UNLESS THATE IS UNANTICIPATED DROP IN OIL  
 REVENUE.

4. PREVIOUS LEAKS FROM GIO BUREAUCRACY HAD LED OBSERVERS TO  
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EXPECT THAT BOTH AGRICULTURE AND INDUSTRY WOULD BE EACH GIVEN  
 ROUGHLY 40 PERCENT OF FY 75 DEVELOPMENT BUDGET. IT IS POSSIBLE  
 THAT MONEY EARLIER SLATED FOR AGRICULTURAL DEVELOPMENT PROJECTS  
 MAY HAVE BEEN DIVERTED TO COVER UNFORESEEN SHORT TERM NEED TO  
 IMPORT WHEAT WHICH RECENT DOMESTIC RROP DAMAGE APPEARS TO HAVE  
 MADE NECESSARY (BAGHDAD REFS B AND C). IN ANY CASE MINISTER  
 OF INDUSTRY TAHA AL-JAZRAWA, HAS LION'S SHARE OF BUDGETARY SPOILS  
 AND MEDIA'S UNDERLINING OF HIS LEADING ROLE IN BUDGETARY

DECISION MAKING PROCESS MAY INDICATE ENHANCED PERSONAL STATURE  
WITHIN RULING RCC. END LIMITED OFFICIAL USE.

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5. ENTIRE BUDGET LIKELY TO BE PUBLISHED BEFORE JUNE FIRST.  
END OF PAST SEVEN WEEKS OF FISCAL UNCERTAINTY WILL PROBABLY SEE  
FLURY OF NEW GOI CALLS FOR INTERNATIONAL TENDERS FOR BOTH  
DEVELOPMENT PROJECTS AND IMPORTS.  
LOWRIE

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## Message Attributes

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